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The Chinese connection

**The West could learn a lot from its Asian counterparts,
says expert Arthur Waldron.**

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One of the world's leading scholars on China, Arthur Waldron, counts himself among the optimists, though he can't say why.

"I don't know why I tend to be optimistic because I am a historian," says Waldron, a professor of international studies at the University of Pennsylvania. He was in town March 2 for a lecture on U.S./Chinese relations at the University of Richmond.

Waldron, a war historian who attended the U.S. Naval War College and is director of East Asian studies at the American Enterprise Institute, has spent his career studying the rise of China and America's response to it.

"If China were a very small country, this wouldn't matter so much," says Waldron. China, of course, is the most populated country in the world.

INSIDE BUSINESS recently caught up with Waldron, who discussed everything from economic development in the East to Chinese trade history to the country's shipping relationship with the Port of Richmond. Waldron also believes the United States can learn some important lessons from Singapore, Hong Kong and Taiwan, Asian city-states that have lifted most of its poor out of extreme poverty in less than 50 years.

IB: What can we learn from China and city-states like Singapore and Taiwan?

Waldron: I think that we could learn a lot from them about primary-school education and basic things like that. There are lots of areas of China, particularly rural China, where there is no education, where the kids just run around in their rice paddies. But at its best, there is the Chinese child-rearing culture, the educational culture, the insistence on high personal and intellectual standards, the insistence on the strength of the family.

I think that if you look at what the Confucian contribution is to the human heritage, [there is a] tremendous emphasis on the importance of cultivating every individual, and cultivating is like building a plant. It's the world of intensive agriculture where every little tomato plant is carefully attended to, and that's the way they envision the raising of children. ... China has problems, too, but that's what I admire most about the Chinese civilization, and I really think that they are better at this stuff ... than we are.

IB: You frequently mention Singapore and Hong Kong. Do those lessons apply as well to those cities?

Waldron: I lived in Taiwan for a few years. This was long ago when it was \$900 per capita income. You would see ... slum houses that were built out of pieces of oil cans, discarded wood and pieces of cardboard — true shacks.

You would see little kids coming out in school uniforms, carrying bookbags full of math textbooks. ... We don't do as well as they do on that one. It's often said that the thing about the Asian society is how well the bottom half is educated. We always talk about how good our best are educated.

IB: The Chinese government has become one of the largest shippers in and out of Virginia's ports. And Virginia now has the Chinese government as one of its biggest partners. Is that good or bad, or what?

Waldron: ... All these things should be watched carefully. It's fine with me if the Chinese are trading in a fair and open way. It's a good thing if hardworking entrepreneurial Chinese are making money for a change by selling stuff to Americans. But the fact that the [Chinese] government is involved in all of these things means that one has to pay attention.

IB: Virginia and China have a close relationship. One situation that I recently heard about had to do with a local Congressman criticizing China's track record on human rights. I heard that the comments hurt the port.

Waldron: This is leverage. You build up leverage, you build up connections, you build up a vested interest and then you try to use that. Then what [the People's Republic of China] government will do, which lots of other countries don't do, is then ... they'll call up American businessmen and say it's your job to defeat XYZ bill in Congress. ... And we Americans haven't really thought through how to deal with this. We've normally been so rich that we didn't pay much attention to it.

IB: Is our increasing dependence on Wal-Mart and all this cheap stuff that comes out of China a problem?

Waldron: [Only] if they cut off exports of little rubber duckies or something. I don't think you have to worry about that.

IB: Our standard of living is dependent on China making all this cheap stuff for us with incredibly cheap labor.

Waldron: Provided that the money is going to people in China who are really doing the work, then free trade is a fair way of redistributing income. A lot of people say we have to redistribute income. I say, well, Japan, Hong Kong and Taiwan and Singapore have sure redistributed a lot of global income in the last 50 years. It's only fair that in China ... they should get some of that, too. But the thing that worries me is if it turned out that the work was being done by prisoners or something. That happens a lot. We should pay a lot of attention to issues like prison labor, issues of whether the workers are allowed to organize, all this kind of stuff. But the problem is that the typical businessman, for obvious reasons, they prefer a kind of repressive regime where they don't have to worry about any of these kinds of things. [They prefer that] the

workers all behave themselves and turn up on time — and who cares if they are locked into their dormitories? ...

IB: If an American businessperson goes to China, what's the thing he or she should really know and understand?

Waldron: There are all sorts of problems that exist there that you wouldn't have here. Problems of corruption, of constantly changing of un-knowns, undisclosed regulations. A lot of Westerners operate there, some of them do very well, and a lot of them have a lot of trouble. I think it's important not to have illusions, to realize that it's going to take at least as much work to make money in China as it would take in any other country.

IB: One of our biggest Virginia companies is Dollar Tree. It sells all this amazing dollar stuff, and it's all made in China ...

Waldron: One of the reasons ... the opium trade ... developed is that [the West] had nothing to sell the Chinese. We were constantly buying. Look at all of these museums full of China-trade porcelain made with counterfeiting. In the Boston museum there is all this hallmarked English silver from the 18th century that turns out to have been made in Canton, [China]. These people are superb craftsmen. They are very smart; they are very, very good at making all this kind of stuff. And they've been exporting things for 200 years to the West. ...

IB: Is there one U.S. company that you think, not only in terms of money, that has done well, and is helping things along in China?

Waldron: The one that I think of is McDonald's, and I don't know more than what I read in the financial newsletters. They have pursued a strategy of getting in at the local level, developing, having good training. I think they are making money, I don't believe they are involved in slave labor or transfers of sensitive technology or anything.

When I was in Beijing last summer, we arrived late at night, or the very early morning. ... I went to my sister-in-law's apartment and they had sent out for pizza. So we had pizza, cream of corn soup and various things like this. These were all [made by] a Chinese fast-food company that was clearly a copy of an American fast-food company. And I knew people who were involved in trying to put together fast delivery systems [like FedEx] ... and the Chinese government has now told them they can't do it. But they were making a lot of progress.

One of the things about America that foreigners are fascinated by is what a convenient place it is to live. I was once in Geneva on a Sunday — and Geneva is a place where you can smell the money it's so rich. I was starving, there was nowhere to eat — even [at] the hotel. I finally found the McDonald's. In America you can shop at night. You can shop online. There's drive-through this and that. ... This is what people want. It's not what elites want, it's what ordinary people want, and there's a huge niche for that in China because there are a lot of ordinary people in China whose lives have been pretty wretched because nobody has attended to their needs. The American influence, in some cases the American investment, has led the way.

IB: Cool.

Waldron: Yeah. At the Beijing zoo you have a big branch of Roy Rogers. It's adapted, but full of Chinese people. The little kids love it. The aunties love it. ... [The United States has] always been good at making life better for ordinary people.

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